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Drill-Bit Deal Seen Helping Soviet Arms

Source Says Dresser Plant Aids Anti-Tank Weapons Production

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When the Carter Administration approved the 1978 sale to the Soviet Union of a \$144 million factory to build petroleum drill bits, U.S. Army officials warned that the seemingly innocuous deal would enhance Russian production of anti-tank weapons.

Despite those objections, Dresser Industries Inc., a big oil-service firm based in Dallas, was permitted to sell the manufacturing plant to the Soviets.

Now, a senior military official has told The Times that according to intelligence information, the Soviets have indeed made at least indirect use of this manufacturing technolo-

gy and the additional production capacity to increase their output of anti-tank weapons.

May Redesign Tank

Of major concern to Defense Department officials is evidence that the Soviets now can build greater numbers of high-quality weapons potentially lethal to the Army's new \$2.7-million-per-copy M-1 tank. The Army is considering a multibillion-dollar redesign of the tank because of its perceived vulnerability to such weapons.

The Dresser case is the most recent example of how a major technology sale to the Soviet Union can contribute to weapons production, critics of such sales say.

These critics have argued for years that the Soviets would apply ostensibly civilian technology to advanced weapons, but their concerns largely fell on deaf ears during the pursuit of detente in the Carter, Ford and Nixon Administrations. In those years, technology sales were pursued as a diplomatic carrot in dealing with the Soviets.

Contending that too much leading-edge military technology was given away in the 1970s, the Reagan Administration has sought to reverse or at least rein in that U.S. policy, as part of its overall hardening in relations with Moscow.

In addition to concern over the Dresser license, Reagan Administration officials have cited such examples as the sale of 168 precision ball-bearing machines in 1972 that

they say has enabled the Soviets to improve the accuracy of their intercontinental ballistic missiles. Also, Pentagon officials assert that the Soviet invasion of Afghanistan was aided by a heavy-truck manufacturing plant set up by several U.S. firms.

The Dresser controversy dates back to May 30, 1978, when the company was licensed by the Commerce Department to sell a so-called turnkey factory to the Soviet Union to produce petroleum drill bits, which the Soviets needed to increase their production of oil.

After the approval was granted, criticism that the sale would improve Soviet weapons and give away important petroleum technology led to a Senate investigation of the deal in October, 1978. Nevertheless, the plant and equipment were transferred to the Soviets.

The manufacturing plant was set up in Kuibyshev, an industrial city on the Volga River about 300 miles north of the Caspian Sea, to make as many as 100,000 bits per year.

The focal point of concern in the Dresser sale involves equipment and know-how that the Soviets gained for manufacturing products out of tungsten carbide—an extremely hard, dense and heavy metal alloy with a broad range of military and industrial applications.

Used by Military

In drill bits, tungsten-carbide cutting edges permit wells to be drilled through hard rock to depths exceeding three miles. But the same alloy also is used by the military in deadly weapons that penetrate armor.

The technology to form the tungsten-carbide cutting edges of a drill bit is similar to the process for building tungsten-carbide artillery rounds, according to Army experts.

The artillery rounds are formed into very narrow and long rods, called "long rod penetrators," that can be fired out of conventional artillery guns. The rounds travel very fast and, by concentrating tremendous energy on a small impact point, can punch through thick armor without using an explosive charge.

A key issue in the current controversy is that the Dresser factory enlarged the Soviets' capacity to make tungsten-carbide products, enabling them to convert more of that capacity to weapons production.

Even if the Soviets already had access to the technology used by the plant, military sources said, the ability to produce more armor-piercing weapons without putting strain on their own tungsten-carbide manufacturing capacity could be a significant advantage. Quantity of certain key weapons can be as important as quality, these sources said.

The senior military official, who discussed the Dresser case only on the condition that he remain anonymous, said it has been confirmed that the Soviets have diverted more of their tungsten-carbide capacity to weapons production since getting the Dresser plant. Moreover, he said, the Dresser plant itself has been prepared for conversion to weapons production.

Some Pentagon officials go beyond saying that the Dresser deal gave the Soviets the ability to increase output of anti-tank weapons. They assert that the sale gave Moscow manufacturing expertise that could allow them to improve the quality of those weapons.

E. R. Luter, Dresser senior vice president for finance, said the company had not previously heard the assertion that the Soviets have used the plant to permit them to increase their weapons output, and thus he could not respond to that assertion. But he added that the factory,